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SUBJECT: NIGERIA: POL/ECON UPDATES FOR JANUARY 1-15, 2008

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¶1. (U) Following is a joint Embassy Abuja-ConGen Lagos compilation of January 1-13, 2008 political/economic highlights, which did not feature in our other reporting, covering:

-- Election Tribunals
-- Corruption
-- Niger Delta
-- ECOWAS
-- National Assembly
-- Human Rights, Labor, Refugees
-- Economic News
-- Petroleum

ELECTION TRIBUNALS

¶2. (U) Appeals to decisions rendered by the Gubernatorial Election Tribunals will commence hearing at the specially-constituted Appeals Tribunal next week in Abuja. (Note: Three gubernatorial elections have been overturned in Adamawa, Kebbi, and Kogi by the election tribunals; the gubernatorial polls in Anambra and Rivers were reversed by the Supreme Court. End Note.)

¶3. (U) The Action Congress (AC) alleged the People's Democratic Party (PDP) has been attempting to bribe (with amounts totaling USD 3 million) Osun State Election Tribunal justices in an effort to sway outcomes. (Note: AC gubernatorial candidate Rauf Aregbesola petitioned the Osun State Election Tribunal to nullify the April 14 election of Olagunsoye Oyinolola (PDP), which the AC claims was fraught with electoral malpractices, including ballot box theft and rigging. Several witnesses for the AC have testified the PDP and the Independent National Electoral Commission (INEC) perpetrated ballot box theft and election rigging throughout the state. End Note.)

¶4. (SBU) Resident Electoral Commissioner for Kebbi state, Martins Okunfolami, announced January 6 INEC has deleted

363,303 duplicate names from Kebbi's electronic voters database. Okunfolami touted this as a success for INEC's electronic voter registration exercise, which commenced in late 2006. 936,697 voters remain in the Kebbi database and are supposed to receive permanent voter identification cards soon. (Note: This means that approximately 25% of the 1.3 million names on the Kebbi voters roll during the April 2007 elections were fraudulent. As noted above, the Kebbi gubernatorial election was annulled at the tribunal, but an appeal is pending in the case. End Note.)

CORRUPTION

¶15. (U) On January 13, the Economic and Financial Crimes Commission (EFCC) announced the appointment of EFCC Director of Operations, Ibrahim Lamorde, as Acting Executive EFCC Chair while current Chair Nuhu Ribadu attends a mandatory 10-month sabbatical beginning in February to the National Institute for Policy and Strategic Studies in Jos, Plateau state.

¶16. (SBU) During a meeting with a senior EFCC official, Lagos Consul General and LEGATT expressed strong support for the EFCC. All present expressed their desire to see the organization succeed in its efforts to weed out corruption in Nigeria. The EFCC official insisted that business would continue as usual at the EFCC, regardless of changes in personnel. He insinuated that former Delta State Governor James Ibori, currently facing charges of corruption brought by the EFCC (see below) and former Vice President Atiku Abubakar were behind recent moves to weaken the EFCC.

¶17. (U) On January 11, former Edo governor Lucky Igbinedion

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(PDP, 1999-2007) announced his intention to return January 21 to Nigeria following an Abuja Federal Court arrest warrant issued against him January 8. Igbinedion is accused of 142 counts of corruption, including allegations that he misappropriated US\$200 million from state coffers while in office. (Note: Igbinedion was one of 31 governors under indictment by the EFCC in September 2006 and voluntarily appeared before the EFCC in June 2007 to answer corruption charges. End Note.)

¶18. (U) Former governor James Ibori (PDP, 1999-2007), currently under investigation from the EFCC for allegedly stealing more than US\$80 million in public funds, was denied bail by a Kaduna High Court on January 11. Ibori was flown to Abuja National Hospital on January 10, as his lawyers claimed Ibori was suffering in "difficult" conditions in a Kaduna prison. (Note: Ibori was earlier denied bail by a Federal Court on December 17. Ibori is widely viewed as one of the principal financiers of President Yar'Adua's election campaign. This case is being viewed as a litmus test for the President's stated commitment to tackling corruption. End Note.)

¶19. (SBU) EFCC Chair Nuhu Ribadu issued a statement January 10 denying allegations he owns residences in Dubai or controls a foreign bank account. Press reports began circulating January 7 claiming Ribadu purchased lavish homes in Dubai and Nigeria, including the former IG of Police's US\$2 million home in an Abuja suburb. The reports also alleged Ribadu engaged in "illegal" business activities while EFCC Chair. Ribadu is expected to appear before a House of Representatives committee to answer graft charges against him.

NIGER DELTA

¶10. (SBU) Kidnapping of family members of political figures continued early 2008 following a trend established in 2007. The sister of an Akwa Ibom lawmaker was reportedly abducted on New Year's Day; according to press reports, her abductors demanded US\$850,000 for her release. On January 4 gunmen

abducted the son of the Rivers state PDP Secretary, demanding US\$500,000 according to a human rights contact.

¶11. (U) Deputy Senate President Ike Ekweremadu announced January 3 the Senate will declare the Niger Delta a disaster area to draw attention to its need for development. Ekweremadu said the GON will seek the help of international development partners to supplement the Niger Delta Development Master Plan, and questioned the lack of results from previous appropriations.

NATIONAL ASSEMBLY

¶12. (U) Chair of the House Judiciary Committee, Henry Dickson, announced January 13 the bill seeking the merger of anti-graft agencies, the EFCC and the Independent Corrupt Practices Commission (ICPC), would be presented the week beginning January 14 for consideration by the House. The Code of Conduct Bureau cannot be merged with the EFCC and ICPC since it is created by Constitutional mandate (not through National Assembly legislation). Dickson assured the merger would not affect the commensurate, though distinct, functions of the EFCC and ICPC.

¶13. (U) Delay in the passage of the 2008 Appropriations Bill and subsequent investigations into rollover amounts from previous years (See Ref A) have led to the recovery of over 300 billion naira (approx. US\$2.5 billion) of unspent funds from different GON ministries. Deputy Speaker of the House, Usman Nafada, said the money will be appropriated for FY2008.

¶14. (U) After the 2008 budget is passed, the Senate will turn its attention to reviewing and possibly amending Nigeria's 1999 Constitution, according to Ayogu Eze, Chair of the Senate Information Committee. At a press conference January

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8, Eze also pledged the Senate would soon pass the long-awaited "Freedom of Information" bill.

¶15. (SBU) Senate President David Mark also announced January 8 that reviewing the 1999 Constitution would be a top Senate priority in 2008. He explained that priority areas for amendment would include boundary adjustments (including creation of local governments and states), the immunity clause (which protects incumbent governors from criminal prosecution), and the rules governing State Independent Electoral Commissions (which conduct the sometimes violent local government council elections). However, House Speaker Bankole separately told Emboffs that he was not/not in favor of amending the Constitution at this time.

¶16. (U) Media reports January 7 indicated the Ministry of Foreign Affairs has decided where to post the 61 ambassadors earlier confirmed by the Senate in 2007. The Ministry will begin the process of seeking agreement for the new ambassadors soon. The Senate is expected shortly to confirm 3 remaining Ambassadorial nominees: Buba Marwa (former military governor of Lagos state), Kema Chikwe (former Aviation Minister), and former Senator Polycarp Nwite. All three have already been cleared by the Senate Committee on Foreign Affairs. (Note: The posts of Nigerian Permanent Representative to the UN and Nigerian Ambassador to Washington are vacant at present. End Note.)

¶17. (U) On January 2, Chair of the Senate Environment and Ecology Committee, Grace Bent, informed the committee has discovered that some state governors diverted funds for ecological programs into private accounts (allegedly for public relations and entertainment purposes).

¶18. (U) On January 1, Senator Adamu Aliero said the Constitution must be amended before the Senate can ratify the 2006 Green Tree Agreement which ceded the Bakassi Peninsula to Cameroon. He explained that Bakassi is listed in the 1999

Constitution as one of Nigeria's 774 local government areas. He emphasized the Senate should move quickly to amend the Constitution and ratify the agreement, as it is important for Nigeria to keep its word and uphold existing international agreements.

ECOWAS

¶19. (U) Preparations are moving forward for the African Contingency Operations Training and Assistance (ACOTA) -led logistics and planning training for the ECOWAS Standby Force (ESF) Headquarters' staff. The training will take place February 4-22 in Accra, and will involve 30-40 staff from ECOWAS member states. This exercise is part of ongoing efforts to stand up the ESF by 2010, and was previously in danger of cancellation or reduction in scope due to lack of responsiveness on the part of member states.

HUMAN RIGHTS, LABOR, AND REFUGEES

¶20. (U) On January 8, Attorney General Michael Aondoakaa announced there are currently more than 300 children in prisons throughout Nigeria and that many of them were born in the prison system. Aondoakaa said the Ministry of Justice is currently working to identify the children, and eventually, release them with their mothers.

¶21. (U) On January 8, President Yar'Adua inaugurated a 16-member Police Reformation and Transformation committee to be headed by former IG of Police, M.D. Yusuf. The committee will examine the current state of the police force and make recommendations to improve its effectiveness.

¶22. (U) Following accusations by Amnesty International that the GON was secretly executing prisoners (Ref A), local press reported the Kano High Court sentenced three suspected murderers to death by hanging on January 8.

¶23. (U) On January 3, Kano state officials reported an

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upsurge in incidents of child rape, recording 54 cases and 60 related arrests. Kano Deputy Police Chief, Suleiman Abba, said the number of cases reported increased by 70% during the last half of 2007. It remains unclear whether the increase is related to a rise in the actual reporting of incidents.

¶24. (U) As a result of the September 2007 riots at Agodi Prison in Ibadan (Oyo state) (Ref B), Minister of Interior Godwin Abbe announced a committee is still investigating the incident and said another committee would be formed to monitor the activities of prisoners and prison officials. Comptroller General of Prisons, Ogundipe Olusola, said closed circuit television had been installed at 27 prisons to enhance surveillance and security.

¶25. (U) President of the Nigerian Labor Congress (NLC) Abdulwahed Omar outlined the NLC's 2008 vision, stating it will continue to engage "troubled leaders and institutions." Omar praised the Nigerian judiciary and called for a change in INEC leadership. He also called on President Yar'Adua to institute a judicial commission of inquiry into the transfer of public assets under former President Obasanjo's administration. The NLC would oppose any attempt to compromise the EFCC's effectiveness through a merger with the ICPC and similar agencies, Omar said. He also drew attention to excessive government perks, allowances and salaries and entreated the National Assembly to responsibly allocate resources.

¶26. (U) Moreover, NLC President Omar called for the GON to increase the country's productive capacity, protect local industries from "indiscriminate trade liberalization," and develop a macro-economic policy roadmap which would include infrastructure regeneration in order to help meet 2020 goals. Omar wants the GON to work with the labor sector to maintain

the gasoline price stability agreed upon in June 2007. Omar also said the NLC would oppose Nigeria's hosting of AFRICOM.

¶27. (SBU) On January 8, PolOff visited the Oru Refugee Camp (Ogun state), for which the UNHCR ended its support in June 2006. The camp remains home to over 3,000 Liberian and Sierra Leonian refugees. Female refugees are alleged to work as hair stylists while men build bricks in the neighboring village. (Note: Refugees choosing not to return to their native lands were expected to integrate into local communities. End Note.) The refugees remaining at the camp are reportedly waiting to be moved to one of 25 other Nigerian states, a move reportedly supported by the GON.

ECONOMIC NEWS

¶28. (U) President Yar'Adua has ordered Minister of Finance Usman to close all illegal accounts held by GON ministries, departments, and agencies in the Central Bank of Nigeria (CBN). These accounts include signature bonus funds and special levies from the Customs, Port Authority, and other agencies.

¶29. (U) A total of 600 community banks successfully converted to microfinance banks (MFBs) by the December 31, 2007 deadline. The CBN had mandated community banks to recapitalize to a minimum of US\$170,000 in equity by the end of 2007 to be able to operate as MFBs. All 600 banks were issued final licenses or provisional approvals to operate alongside 200 previously-licensed MFBs. Nigeria's microfinance policy was launched in December 2005 to make financial services accessible to people who would otherwise have little or no access to them. The CBN plans to continue processing license applications for new MFBs.

¶30. (U) Lagos State accounts for half of all funds disbursed under the Small and Medium Enterprises Equity Investment Scheme (SEEMIS). The SEEMIS, a voluntary initiative of a commercial bank trade group, asks banks to set aside 10% of their Profit After Tax (PAT) for investment in small and medium enterprises. Since its inception in 1999, over US\$311 million has been set aside.

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PETROLEUM

¶31. (U) The Kaduna and Warri refineries remain off-line despite President Yar'Adua's pledge to have them operational by the end of 2007. The Nigerian National Petroleum Corporation (NNPC) blames vandalism of feed stock pipelines for the delay. (Comment: Pipeline integrity is a key, and vexing, problem for returning the refineries to operation. The GON's plan to hire community-based contractors to perform repair work will be expensive and will encourage additional vandalism as local communities realize that breaking a pipeline is a source of recurring revenue from the NNPC. End Comment.)

¶32. (U) A local business daily reports Russia's Gazprom is seeking to enter the Nigerian sector market. According to the report, Gazprom officials visited Abuja in mid-December and made unspecified proposals in the natural gas sector. It may also seek a role in the GON's plan to attract third party financing in its joint ventures with international oil companies. Local natural gas industry contacts claim they were caught be surprise by the the news of Gazprom's interest and remain skeptical about the veracity of the report, questioning what competitive advantage Gazprom would bring to operating in Nigeria.

¶33. (SBU) Shell's Forcados oil field has reportedly increased production to 100,000 bpd. A senior Shell contact confirmed the increase, and while he couldn't confirm the exact production figure, he said 100,000 bpd sounded, "about right". However, exports from the associated Forcados oil

terminal were cut off on January 11 after waste water and export pipelines were sabotaged. Shell has not given an estimated repair date.

PIASCIK